

PAPERS FROM THE SOCIETY

FOR THE

Diffusion of Political Knowledge.

THE HISTORY OF THE WAR DEBT OF ENGLAND;
THE HISTORY OF THE WAR DEBT OF THE UNITED STATES,
AND THE TWO COMPARED.

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READ—DISCUSS—DIFFUSE.

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Resolved, That it be recommended to all citizens in the various cities, counties, and villages of this and other States, who approve of the objects expressed in this Constitution, that they organize auxiliary societies, and open communication with the New York Society, for the purpose of circulating our papers.

The permanent war debt of England is a modern experiment in social philosophy, and has a well known history, which our people may now review with advantage. *Temporary* war debt, to be paid out of the taxes of the *passing year* was common to the ancients, but a *permanent* war debt dates back only to Charles II. Indeed, the war debt, which has become a *permanent burden on the productive labor* of England, was not acknowledged as such until 1829, and after the whole debt had been incurred, when all attempts at diminishing the debt were abandoned by Parliament, leaving the interest on about four thousand millions of dollars to be paid perpetually by the labor of England to the children of those people who lent the money to the Government instead of paying it in taxes to support the war.

The beginning of the debt was curious. Charles had borrowed six and a half millions of dollars from the goldsmiths, (who were the bankers of the rich people), and given them an order on the exchequer for the return of the loan when the taxes of the year should be collected. But, when the time came for payment, the doors of the exchequer were shut against the goldsmiths. The owners of the money were ruined. London was filled with dismay. Bitter and loud reproaches fell on the king. He was assailed from the pulpits. Sermons were preached from the text, "Put not your trust in princes." Indications of violence were common in the streets.

To quiet this clamor, it was arranged that annual interest should be paid out of the revenues of each year to the owners of this money. Thus, the *burden of the passing year* was thrown on the *earnings of following years*. William and Mary, finding this precedent, followed it, and borrowed on terminable bonds, resembling our "five twenties," always promising and endeavoring to pay after the war. With various attempts to pay in time of peace, but steadily increasing the debt in time of war, the amount had reached six hundred and sixty-five millions of dollars, in 1765.

The question of paying this debt was anxiously discussed; projects to this end were presented in Parliament; but, the discussion was turned aside by the in-

troduction of a new financial scheme which turned the heads of men in power, and carried away the popular judgment. The fallacy was this: It was asserted that a small sum of money kept at compound interest, in the hands of commissioners, would ultimately pay the largest possible amount of public debt. The Reverend Dr. Price, the reputed father of this fallacy, was as sincerely deluded as other reformers have been. He confidently showed that one penny, compounded from the birth of Christ, would produce globes of gold at the present day. The government believed it had found the lamp of Aladdin, and applied it to finance. Accordingly the sum of only a few millions of dollars was borrowed and committed to a board of trusty men as a *sinking fund*, which was sure to redeem England out of any war debt which might be incurred.

From that time the English people cherished the war temper without compunction or restraint. No fear of pecuniary consequences tempered the taste for war. The poets and the pulpits called for blood. The exchequer called for loans, and got them, while it was thought quite impertinent to tax present wealth for the payment of war expenses, which the sinking fund was sure to pay.

Time, and two wars with America and perpetual war with France, brought England to Waterloo, and to four thousand millions of war debt. Then Professor Hamilton proved to the satisfaction of all that, the sinking fund was a mere fallacy, and that nothing but increased taxes or diminished expenses could extinguish one penny of the debt. The history of the fallacy is remarkable. At first, there were only a few millions set apart to pay in future all possible war debt. As the wars went on and the debt rolled up, Dr. Price seems to have had some misgiving of this theory, and strenuously insisted on borrowing more money to increase the sinking fund. So that, when the fallacy was exploded and the fund abolished, it was found that the cost of making these loans and managing the fund had wasted some three millions of dollars. How such a gross fallacy should have deluded a whole nation is now the special wonder of English statesmen. But, convenient

fallacies are always popular at the beginning of a war.

Faithful to the old idea of paying a war debt in time of peace, the Parliament resolved, in 1819, to set apart twenty-five millions of dollars in each year for this purpose. This would have extinguished the debt in 160 years. But the pressure was too great; and after a few years, the resolve to pay was abandoned, and never renewed. In 1829 the holders of these five-twenties were invited to bring in their bonds and exchange them for permanent bonds.

No one now can doubt that, the popular fallacy of the sinking fund made war the popular amusement of Englishmen during forty years. This amusement gave offices to the sons of unoccupied families and to the younger sons of the nobility. Of course, the clergy, dependent on these families, prayed earnestly for the war. Unlike feudal incomes, which bound only the products of a *single* tenant, this permanent debt bound the whole productive labor of all the industrial classes, and bound them for all time. While it gave to the unoccupied owners of the bonds a complete and perpetual security for a fixed income, however it might become harder for the laborers to earn that income. Owners of these bonds are loud in their praises of a national war debt; but the more prudent of them would dislike to see the debt increased.

But, in consequence of this perpetual burden on the labor of England one-eighth of the people of England is in the poor house, and a large part of another eighth has escaped from want to the Colonies.

By way of apology for William and Mary, it is said that it was vital to the people of England that a Dutchman should rule instead of a Scotchman. So when the war of our revolution was commenced, it was said to be vital to the people of England that an English governor should rule here rather than Washington. And when the war with France was begun in 1793, it was deemed of the greatest importance to the people of England that a Bourbon rather than a Bonaparte should rule France. Washington did rule in this country, and a Bonaparte

does rule in France. Had these questions been decided the other way, would the condition of any laborer in the mines, the factories or the fields of England have been better than it now is? No one thinks it would have been better. But, had the wars with America and France been omitted, the laborers would have been spared the burdens of permanent debt.

But, could these wars have been avoided? Let us see. The money borrowed for these wars was already laid up by Englishmen. It could have been taken, in the form of tax, and applied to the support of the wars, instead of being taken as loans on exchequer bonds bearing interest. Now, suppose the government had called together the owners of this money and asked them the question—shall these wars be made, and your money be taken to foot the bills, and you go to work again to lay up new estates. If not then the wars ought not to have been commenced. For, will any one pretend that the classes of mere labor are to be benefitted by a war, which kills off the able bodied of their members, fills the ranks of their survivors with cripples, and the land with widows and orphans; and, then, when a new race of vigorous laborers has been produced, lays on these a perpetual burden which sends one-eighth of their whole number to the poor house. In the long peace, which followed Waterloo, while industrial arts have flourished in England more than in any other country or age, yet, in consequence of the war debt, Carlisle says of the laboring class, "Two millions are out of the boat, and five millions are hanging over the side."

The war debt of England was one hundred and fifty years accumulating, and was incurred under false expectations about the *sinking fund*. The best statesmen of England came with unaffected sorrow, to the conclusion that the debt could never be paid. While dwelling sadly on this subject, after Waterloo, the greatest of English statesman said in Parliament—"War is a game at which few would play if the people were wise." But, had he made this remark at the opening of the American Revolution or of the war with Napoleon, he would probably have been charged with treason.

UNTIL the outbreak of the present war the United States enjoyed among nations the deserved reputation of being the only government which had ever paid off its debt in full, principal and interest, unaided by the tax-gatherer. The freedom of its industrial population and the abund-

ance of its untaxed lands had called hither the enterprising of all nations, and its wealth and population grew on an unprecedented scale. The progress of the whole country may be briefly represented in the following figures from official sources:

Decades.	Immigration.	Population.	Manufactures.	Exports.	Valuation.
1800.....	—	5,303,937.....	—	\$293,634,645.....	\$479,246,636
1810.....	—	7,239,814.....	\$145,385,906.....	383,401,077.....	
1820.....	—	9,638,191.....	62,766,385.....	462,701,288.....	613,180,107
1830.....	151,634.....	12,066,020.....	111,645,466.....	536,104,918.....	
1840.....	272,716.....	17,069,453.....	483,278,215.....	892,889,909.....	
1850.....	1,479,478.....	23,191,876.....	1,055,595,899.....	1,131,458,801.....	7,115,790,180
1860.....	3,075,900.....	31,443,790.....	1,900,000,000.....	2,766,799,881.....	17,008,417,636

The column of immigration gives the whole number that arrived in each decade; and most, if not all of them, settled at the North and West. The population column is composed of the census returns each ten years. The manufactures are the official returns of the annual production at each period. The exports are not the annual exports, but the whole quantity exported for each period of ten years. The valuations are the official returns. The first, for purposes of taxation, was made in 1798, and the second, for the same purpose, in 1815. Those for 1850 and 1860 are the census returns. This return for 1860 indicates a very large increase in value, but it can not all be taken as an accumulation of wealth, since a very large portion consists of land settled at \$1 a \$1 25 per acre, and valued subsequently at much higher rates according to production. The large production in agriculture, manufactures, mining, etc., is always nearly all consumed in the year. That portion which is saved and invested in buildings, roads, ships, banks, companies, accumulated stocks of goods, coin, etc., as instruments of production and trade, bear but a small proportion to the whole annual production. The State and Federal expenses have been very small, comparatively, and the Government has not extracted much from the producers to support large armies, civil officers, government stockholders, and other non-producers, as has been the case in other countries. Nearly the whole of the earnings of the people had remained for their own enjoyment, and to accumulate in a manner to employ more extended industry, and therefore to swell the annual pro-

duction. The great wealth of the country has thus been generally distributed among the people. It has long been a source of complaint with the agricultural sections, that the operation of the customs revenue has been to draw wealth from the producers of the national exports and put it into the pockets of the manufacturers. When the protective system was inaugurated at the peace of 1815, it was earnestly opposed on the ground that it would impoverish the agricultural States to enrich the manufacturing States, and this opposition, growing with the development of the protective system, led to the Compromise of 1831. That compromise was to operate by biennial reduction of the duties to 1841, when the rate was to be 20 per cent., not to be exceeded thereafter. As soon as that point was reached, the tariff was restored, against the protest of Mr. Calhoun, who said: "I shall not dwell on the fact that it openly violates the compromise act, and the pledges given by its author and by Governor Davis, of Massachusetts, that if the South would adhere to the compromise while it was operating favorably for the manufacturers, they would stand by it when it came to operate favorably for the South. I dwell not on those double breaches of plighted faith, although they are of a serious character, and likely to exercise a very pernicious influence over our future legislation, by preventing amicable adjustments of questions that may hereafter threaten the peace of the country."

The revenue of the Federal Government, since its organization, may be said to have been derived entirely from the

customs duties. These have, ordinarily, been equal to the expenditure. In the war of 1812 an attempt was made to eke out the revenues by means of internal taxes, with no great success, however. The lands have given a certain amount of revenue, but it has been estimated that cost and expense of management have never been reimbursed: hence that the Government proper has received no aid from that source. The whole revenue and expenditure from March 4, 1789, to July 1, 1861, have been as follows:—

Customs revenue.....	\$1,575,152,579 92
Land sales.....	\$175,817,961 00
Taxes and miscellaneous	95,305,322 56
	<u>271,123,283 56</u>
Total ordinary revenue.....	\$1,846,275,863 48
Total ordinary expenditure.....	1,453,790,786 00
Total excess revenue.....	<u>\$392,485,077 48</u>
Received for loans....	\$462,935,644 64
Paid " "	781,886,375 00
Excess paid.....	<u>\$318,950,730 36</u>

The excess of loans paid includes the Revolutionary debt; the \$60,000,000, principal and interest, paid for Louisiana and Florida; also the sums paid Mexico and Texas. It results that the customs revenues have paid the whole expense of the Government proper. When financial revulsions have overtaken the country, causing the revenues to decline, loans have been made which the swelling revenues consequent upon returning prosperity have discharged.

Those customs revenues have been derived entirely from a tax upon imports, or the goods that have come back into the country as the proceeds of produce sold. Without the produce, it is very clear, there could have been no imports, and, as a consequence, no customs duties. If, then, we turn to the Treasury tables to ascertain the extent of the exports, we shall have as follows:—

Net importations of goods, 1790 to 1860..	\$7,104,890,932
Domestic produce exported.....	<u>6,466,900,519</u>

Excess imports..... \$637,990,413

Net imports of goods.....	\$5,394,671,668
Net customs duties..... 22.8 per cent.....	1,231,456,168
Net customs paid by Southern products.....	\$911,277,565
" " " Northern ".....	<u>320,178,603</u>
	\$1,231,456,168

Thus the average expenditure of the Federal Government during the forty years embraced in this last table, has been \$30,780,000, of which only \$7,800,000 has been supplied by Northern productions.

This excess of imports consists of proceeds of stocks, State and corporate, sold in Europe; earnings of American vessels abroad; and other items. It will be observed that the whole amount received from customs is 22 per cent. of the whole amount of imports. Those imported goods went to the consumers charged with that tax. Inasmuch as they were the producers of the merchandise exported to pay for the goods, the whole amount of the customs was in fact paid by them. If now we look into the character of the exports, we find them to have been as follows since 1820, when the regular official tables commenced:—

Total value domestic exports, 1820 to 1860,	\$4,856,863,368
Value of Cotton.....	\$2,574,831,491
" Tobacco.....	455,181,067
" Rice.....	87,854,511
" Naval stores.....	76,181,210
" Food, etc.....	1,006,951,235
" Cotton and other manufactures.....	<u>655,861,254</u>
	4,856,863,368
Net import of goods.....	<u>5,394,671,668</u>
Excess imports.....	\$537,808,300

This excess was met, as previously stated, by an excess of \$347,419,646 in the exports of specie over the imports; by the exports of stocks; earnings of shipping, etc. Of the exports of food, a considerable portion was of Southern origin; and, of the cotton manufactures exported, two thirds of the value is due to the raw material. It results, then, that the origin of the exports has been as follows:—

Southern States.....	74 per cent.	\$3,581,291,381
Northern States.....	26 per cent.	1,275,571,987

Thus the productions of the Southern States, although interchanged for Northern productions, has paid a large portion. The net imports and customs duties from 1820 to 1860 were as follows:

Under this system of small Government expenses and absence of internal taxes, the whole country flourished, even although the accumulation of wealth in the manufacturing States was much more rapid than in the

agricultural States. A great and disastrous change has taken place, however, with the outbreak of the present war. From a fertile country, filled with peaceful arts, an industrial population of saving habits and economical administration of public affairs, we became an immense battle-field, supplied with a hand so lavish that four years of strife have swallowed up the wealth earned in the peaceful pursuits of the nation's lifetime.

The expenditures and debt of the government for several years have been as follows, being four years of peace, and four years of war.

	Expense.	Debt at close.
1858.	\$73,943,894	\$44,910,777
1859.	68,965,070	58,754,699
1860.	63,154,733	64,769,703
1861.	66,691,329	92,989,709
1862.	474,644,778	514,211,372
1863.	714,709,995	1,098,793,181
1864.	849,681,207	1,733,810,119
1865.	1,050,000,000	2,800,000,000

The total for four years of peace was \$272,755,026, and the four years of war \$3,089,035,880. The expenditure for the three

months ending March 31, 1864, were \$287,016,014 or 15,000,000 more than for the whole four years ending with 1861. The expenses for the year 1865 are partly estimated on official data, thus the appropriations for the year are \$1,300,000,000, but the next session of Congress will be called upon for deficiency bills, and the first quarter of the year already elapsed shows a vote of expenditure larger than the estimate. The estimates of the debt are on the same data, thus the official figure for July 1 was \$1,733,810,119, and for Sept. 30, being the end of the first quarter of the fiscal year 1865, it was 2,026,949,092, an increase of \$293,138,973 for the quarter, which would give for the year \$1,200,000,000, making the debt next July 2,933,000,000. Something must be allowed however for growing disability to borrow. The loans hitherto have been a reflex of paper paid out. In order to have a clear understanding of the debt, we give the official statements at six periods, the beginning of the war, the end of each fiscal year, and the end of the first quarter Sept., 1864, of the fiscal year 1865.

UNITED STATES DEBT.

Act.	Interest.	Payable.	June 30, '61.	June 30, '62.	June 30, 1863.	Sept. 1863.	June, 1864.	Sept. 30, 1864.
Old Debt, " Tr. Note,	5 and 6 5 and 12		\$51,802,048 22,464,761	\$51,915,164 2,849,111	\$49,342,480	\$49,281,340	\$47,514,591	\$18,526,591
Feb. 1861,	6	1880	18,415,000	18,415,000	18,415,000	18,415,000	18,415,000	18,415,000
Mar. 1861,	6	1881	307,900	998,600	1,798,050	1,523,900	1,016,000	1,016,000
July, 1861,	6	1881		50,000,000	50,028,500	50,320,000	76,408,200	164,537,300
July, 1861,	7.3	1864		122,836,559	139,970,500	139,679,000	113,591,150	25,410,400
Feb. 1862,	6	5-20		9,907,850	168,880,250	278,511,500	510,756,900	510,756,900
Mar. 1863,	6	1881						73,922,150
Mar. 1864,	5	10-40					72,005,459	81,630,600
June, 1864,	6	5-20						40,000,060
Total gold interest.			\$92,989,709	\$256,882,275	\$428,434,789	\$537,415,740	\$839,717,291	\$903,085,941
July, 1862,	4	40 days,			35,381,101	35,500,000	662,475	518,224
July, 1862,	5	40 days,		57,746,117	67,002,974	69,434,102	9,395,453	1,125,506
July, 1862,	6	40 days,					64,959,582	47,876,514
Mar. 1862,	6	1 year,		49,881,979	156,784,242	150,918,437	153,531,000	229,916,000
June, 1864,	7.3	3 years, convertible,						55,897,600
Mar. 1863,	5	1 year, legal tender,					44,520,000	44,520,000
Mar. 1863,	5	2 years, legal tender,					16,480,000	16,480,000
Mar. 1863,	5	2 years, legal coup'n,					101,091,950	65,892,250
Mar. 1863,	6	3 years, legal comp.					2,500,000	15,000,000
Mar. 1864,	6	3 years, legal comp.						87,329,680
Total interest in paper,				\$107,627,084	\$250,168,327	\$261,862,539	\$396,140,460	\$594,585,874
July 17, 1861,	Gold notes,			53,040,000	3,351,020	2,022,173	795,643	615,662
Feb. 1862,	Legal tender,			96,620,000	387,646,589	402,737,051	425,777,397	433,160,569
July, 1862,	Legal tender, fractions,				20,192,456	17,766,056	21,817,158	24,592,412
	Arrear requisitions,						49,192,000	34,641,364
	Debt, interest ceased,						370,170	356,970
Total, no interest,			149,660,000	411,190,065	432,525,280	497,952,368	499,277,277
Total, paper debt,			\$92,989,709	\$514,211,372	\$1,098,793,181	\$1,222,113,559	\$1,733,810,119	\$2,026,949,092

This table shows all the kinds of paper that have been issued by the Treasury department, and generally in the order of their issue. In the first portion of the table it will be observed that the 6 per cent. stock of 1861 being the fifth line of figures, has rapidly increased, while the 7 3-10 in the next line have decreased. This is caused by the conversion of the latter into the former stock. The 5-20's reached their limit under the old law last Feb., but under the law of June, 1864, the Secretary can issue 400,000,000 of those stocks, and 40,000,000, have been issued.

There is then 564,585,874 of paper interest securities that are of short dates, and constantly maturing, of these 223,000,000 are legal tender, and make with paper money 722,000,000 of paper currency, in addition to which is an issue of \$55,000,000 National Bank notes. The table itself shows the course of the issues, and how much legal tender has been pressed in the last quarter. We have now to bear in mind that these loans are not the whole debt; they are simply that portion which has been audited and actually paid in paper. There are about \$300,000,000 of debts due and unsettled, being for navy and other contracts, army pay, &c. But these debts do not represent the whole expense. They do not embrace that portion raised by taxes. The whole will stand nearly as follows for three years:—

Debt outstanding,.....	\$2,026,949,092
Unpaid debt,.....	300,000,000
Gold,	Paper,
Customs, \$190,669,057,	\$267,181,201
Lands	756,101
Internal taxes,.....	190,090,000
Total taxes,.....	\$458,027,302

Total expenses three years,\$2,784,976,394

It will be observed that the amount of gold collected for customs is applicable only to the interest on the public debt, which is paid in gold. It may therefore be supposed that as the gold is paid out by the government that it should not be charged in expenses at the paper value. This would be a mistake, since the gold customs are paid by the importers, who buy the gold in the market for paper, and add the amount in paper to the goods sold, hence the tax falls upon the people at its paper value. The mode in which this operates may be seen in any article, say 11-4 bed-blankets which weigh six lbs. per pair, the

duties in gold are 40 per cent. and 24 cts. per lb.

These cost 10s. sterling	\$2 42
40 per cent. is.....	97
24 cents lb.	144

Duties	241
Gold premium	360
Gold prem. on exchange	3 63
Total cost of blankets	\$12 06

Thus, when gold, as in the summer, was at 250, the duty paid by the consumer was 250 per cent. on those articles, and 150 more for exchange, or thus, the tax received by the treasury was \$2.41, and the tax paid by the consumer, in consequence of the depreciated currency, was \$7.23 each pair of blankets.

The amount of gold collected in three years has been, it appears, \$190,669,057, which, at the average price of gold, has risen to \$267,181,201 in paper value, which, with the land revenues and the proceeds of the internal taxes amount to \$458,027,302, and the whole reaches the immense

Amount of expenses	\$2,784,976,394
Expenses 72 years, 1789 to 1861..	1,431,790,786

Excess of present war expenses....\$1,331,185,608

It will be necessary to deduct from this amount the sum that the ordinary expenses of the government would have reached in three years had there been no war. This would have been \$200,000,000. Hence the war in three years has cost the Federal Government \$1,131,185,608, more than the whole expenses of the government for 72 years previous, including the war of 1812, the Florida war, the Mexican war and indemnities, the purchase of Louisiana and Florida, and the annexation of Texas.

This is, however, very far from being the whole of the expense. There was advanced by the people and never charged upon the government, nearly \$80,000,000 in the first year of the war to fit out and forward volunteers.

In addition to that, towns, counties, and states have largely increased their expenses, and created debts for the objects of the war and for the support of the families of volunteers. But the most onerous and direct burden has been the money paid for commutation and substitutes. In order to convey some idea of the magnitude of this operation, we

may recur to the official calls for troops, under each date as follows : —

OFFICIAL CALLS FOR TROOPS.

1861. April 16	75,000	
May 4	64,743	
July 22	500,000	
July 29	25,000	
	—	664,473
1862. June 1	40,000	
July 1	300,000	
Aug. 9	300,000	
Sept.—Invasion	100,000	
	—	740,000
1863. May 14	300,000	
June 15	100,000	
Oct. 15	300,000	
	—	700,000
1864. Feb. 1	500,000	
Mar. 14	200,000	
Oct. 14	500,000	
	—	1,200,000
Total calls, men		3,304,743

There were a number of calls for troops in addition to these for temporary purposes, and which are not included in the table. It may be remarked that the call, in February, 1864, for 500,000 men, included what had not been obtained under the call of the previous October, and which amounted to 150,000 men, leaving the net aggregate call 3,154,743 men.

These calls, it will be observed, have borne with greater pressure upon the people each succeeding year, and within the last twelve months the number obtained has been 1,200,000 men. This solemn fact has made but slight impression upon the public mind; but its startling truth was made clearly manifest in the United States Senate, in the debate of June 14, 1864. It will be observed in the above table that from Oct. 14, 1863, to the date of the debate, the calls had been for 850,000 men. On that day Mr. Wilson, chairman of the Military Committee, in reply to Mr. Conness, of California, said : —

“Does the Senator know that we have raised or re-enlisted since the 17th day of October last six hundred thousand men, not to count black men, and that within the last year we have put in the field seven hundred thousand men: that we have made an exertion such as few nations ever made, and few nations can make; that we have spent \$125,000,000 in bounties; that we have drafted; that we have used the whole power and influence of the government to increase our military forces? Sir, we have put forth an effort that excites the astonishment and commands the admiration of the world; yet the Senator from California, whose constitu-

ents are not drafted nor called upon, rises to-day and rebukes the administration, rebukes us, and talks glibly of the timid counsels of men who are quite as hopeful, determined, and brave as himself. Mr. President, I do not question the devotion or the courage of the men of California. They have proved their devotion to the country on more than one occasion. But, sir, that Senator should remember that some of us live in communities where the calls are over and over again; where sons, brothers, relatives, friends, neighbors, all have been summoned to the field of duty, and have responded to these calls. While we, their representatives, are ready to vote men and to vote money, we want to make these sacrifices of men and of blood bear as lightly as possible upon our people. Humanity and justice alike demand it. Gen. Grant is in front of Richmond. This rebellion is ‘coiled,’ to use the language of Gen. Hooker, at Richmond, and within ten miles of that capital of treason. We have sent forty-eight thousand men to reinforce Gen. Grant since the commencement of the march (six weeks) toward the rebel capital. Within thirty days we have gathered up over the country these reinforcements, two thousand of whom are the one hundred days’ men raised in the State of Ohio.”

Mr. Wade. Over two thousand have gone.

Mr. Wilson. Two thousand of them are already there, and others are hastening to that field of duty. The government is casting a drag-net over the country, gathering up all the soldiers it can, and hurrying them forward to the support of Gen. Grant. If we had fifty thousand, or one hundred thousand fresh men to send to his support to-day, this rebellion would, I believe, go down within sixty days to rise not again.

Mr. Conness. I ask the Senator why we have not got them?

Mr. Wilson. *We have raised men during the past eight months as rapidly as we could do it, and we have put them into the field. Since the 17th day of October, we have put seven hundred thousand men in the field, and it is an unparalleled exertion of the power and the patriotism of the people.*

Since these great exertions thus described by Mr. Wilson, 500,000 more men, instead of the 50 or 100 thousand that Mr. Wilson believed would finish the rebellion in sixty

days, have been raised. Grant's army has swallowed them nearly all, and the reader knows with what result. Under these repeated calls, which Mr. Wilson shows press so heavily upon the people, the price of substitutes has risen from \$500 to \$1000 per man. The million of men obtained have cost an average of \$600 each, giving the astounding sum of \$600,000,000, that has been raised by individuals, towns, and counties. The counties of New York have contracted bounty debts to the amount of \$60,000,000, and other States have been heavily charged. The whole of the bounty and substitute money is estimated at \$750,000,000, which sum must be added to the war expenses. There are also \$100,000,000 extra expenses that have been paid by states, towns, etc. The whole expense is then approximated thus:

Federal expenses.....	\$2,784,976,394
County bounties, &c.....	750,000,000
State war expenses.....	100,000,000
Total, 3 years.....	\$3,634,976,394

We now come to the fact that the armies are no farther advanced than they were last year, before the draft of this 1,000,000 of men and the expenditure of the following money within the year:

Increase Federal debt.....	\$758,219,572
Customs.....	170,000,000
Internal taxes.....	100,000,000
Total Federal expenses.....	\$1,028,219,572
Bounties, 1,000,000 men.....	500,000,000
Town, county, & state expenses.....	150,000,000
Total, one year.....	\$1,678,219,572

There is now, apparently, no alternative but to proceed with the drafts, and there will be required as many men for the coming year as for the last, but in consequence of the growing exhaustion which Senator Wilson pointed out, the price of men rises, and a like number of men will cost a thousand millions, to be taxed upon counties, while the federal expenses will be \$1,050,000,000.

There is no occupant of land but feels the pressure of the bounty tax, it presses directly upon the land, while it is very clear that there is no prospect of its cessation.

It is very apparent from what has been here shown that the annual expense of the

government will henceforth, with the continuance of the war, be a light portion of the annual burden compared with that caused by drafts.

It is the avowed intention of the present administration to continue the war for other purposes than the restoration of the Union. It will, therefore, continue one year, at least; and, if the administration is reelected, it will not end short of three more years. The expenses will increase because of the double influence of rising prices and scarcity of men. But we will estimate the expense at the same as the last three years, as follows:—

Call for men.	Money.
1862-3-4...3,304,743....	\$3,634,976,394
1865-5-7...3,000,000....	4,000,000,000
6,304,743....	\$7,634,976,394
Total for six years.	

If we suppose that the war may terminate in another year when 1,000,000 more men shall have been called out, the situation must then be \$1,000,000,000 of debt, in the shape of county bonds, to pay for the troops. Every individual knows how many men his county has been compelled to furnish in the last year to make up the million of men. A like number must be again furnished, and for each man the county must run in debt \$1,000. A county of which is required 50 men must issue \$50,000 bonds, in addition to those now out, if the men can be got at that price, which is very doubtful. The whole number of men of the military age, when the war began, was 5,000,000; of those drafted there were 30 per cent. unfit for service. Hence there were only 3,500,000 able-bodied men. Now if all the men in the above calls had been fresh men the whole strength of our country would have been exhausted. They were, however, large reenlistments at higher rates. To get another million the price must be much higher.

In addition to the county bounty debts the federal debt will be, as we have seen, fully \$3,000,000,000 bearing interest \$180,000,000 per annum, in gold. This will be the case, because the whole of the debt will be funded in gold interest stock as it falls due, and it will all be due in two years.

The sinking fund and expenses of the government will be annually \$370,000,000 including interest. The town, city, county, and state expenses will be added, thus:

Federal expenses.....	\$370,000,000
County bounty debt interest....	60,000,000
City, town, and state expenses.....	100,000,000
Annual expense.....	\$530,000,000

This immense burden must be imposed mostly upon the farming interests. It must be paid out of the *annual productions* of industry. This is a fact which must be steadily borne in mind. A great parade is sometimes made of the assessed or supposed *value* of property as compared with the debt, to show how small is the latter as compared with the supposed property. The assessed value of property in the northern states is given, as follows:—

Population	18,898,102
Real estate.....	\$9,674,917,031
Personal.....	1,955,820,248
Total.....	\$11,630,737,279
United States debt.....	\$2,320,949,092
State & bounty debt.....	750,000,000—\$3,076,949,092

Thus the debt is but one third of the property, and therefore alleged to be small. That is a very fallacious mode of estimate. The valuation for all purposes of taxation is entirely nominal, and can in no wise be applicable to the payment of debt. The amount is the accumulated savings of the people for 200 years since the country was settled. It is only the annual earnings of the property, real and personal, that can be applied to the purposes of taxation and payment of debt. Thus the land of Ohio is valued at \$687,518,121, but the same land has been there since the flood. It had no value whatever until the hand of man began to draw forth its annual fruits, and the assessed value is in proportion to that yield. A farmer who took 100 acres of wild land, after a few years made it yield a handsome annual living for himself and family. The State then valued land at, say \$5,000, and taxed it,—the tax to be paid out of the products. The cattle, furniture, implements, &c., are personal property, the savings of many years, and are necessary aids to production. It is obvious at once that the surplus product of the farm is that which remains after the consumption of the producer and his stock is deducted. The proceeds of that surplus pay store and medical bills, &c., and taxes. Now, it is evident, that if the latter are more than the surplus products the producer must consume less, scrimp his family, or refuse to pay.

There can be no application of the farm and personal property to the public debt, because it falls alike upon the whole nation, and a nation cannot be sold out. The federal government, for instance, holds many millions of property, but neither the Capitol nor the White House could well be sold for the benefit of creditors.

The annual earnings of manufacturing establishments may be estimated from the data furnished by the census, page 190:—

Annual production of 110,000 factories and shops.....	\$1,754,650,000
Cost of labor, 1,001,460 males and 273,530 females.....	\$600,000,000
“ “ Raw material.....	929,335,000—1,529,335,000
Net amount of production.....	\$215,315,000
Capital employed by 110,000 concerns.....	\$949,000,000

This net amount supports the families of the manufacturers, keeps good the capital, wear and tear of machines, &c., and leaves a profit, or surplus, which is employed in new machines, stock, or other investments, and from which alone the tax can be paid. If the amount of tax is sufficient to absorb all the surplus, the manufacturing capital would soon be dried up, and the national wealth consumed. It is very evident that this net surplus averaging \$1,900 per annum, is the fund from which the public debt is to be paid. The buildings, tools, machines, &c., which constitute the capital of \$949,000,000, that is enumerated as personal property, can in no wise be applicable to the public debt.

Again, there is about 500 millions of railroad stock, called personal property. Of what value would that be if the railroads are worked at a loss? Clearly, the only way in which that stock can aid the government is by a portion of the dividends. There are \$500,000,000 of railroad bonds, which are taxed, a portion of the interest paid on them, but their value consists only in the interest paid.

The \$530,000,000 per annum which, as given above, is to be raised to meet the present public obligations, is to be taken from the annual production of industry,—with this proviso, that the \$2,000,000,000 which has been taken from other employments, where it earned an annual income, and which has been placed in government bonds, is *exempt from taxation*; as a consequence, the burden upon capital employed in other industries must be doubled.

To illustrate. Suppose two factories of

\$100,000 capital each were earning \$16,000 per annum each, each being taxed 3 per cent. on its production, would pay \$5,000 tax to government. If one of them withdraws his capital, sells his stock, discharges his hands, and invests the capital in Federal stocks, he will be free from local tax; then the government, to raise the same amount of money, must tax the other factory double.

The mode of raising the tax now is by indirect taxes, or taxes on goods to be consumed. This is a very delusive plan, and has by no means answered the expectations of the proposers. The mass of people, or those who have a stake in the community, suppose that they avoid the taxes by refusing to purchase the taxed articles. This is fallacious reasoning. Thus, we find that the interest on the public debt is \$72,000,000 in gold, which is raised by gold-taxes on imported articles. This carries the prices of those articles very high, and they are not consumed. The amount of tax raised will then fall to, say, \$40,000,000. What then happens? Either the debt will not be paid, or a more efficient tax must be laid to reach those who have evaded the indirect tax. The weight of the debt cannot be escaped from. There are no means of paying but by taxes. If one tax is not paid, another must be tried. There are many, however, who are indifferent to the growth of the debt, because they think the taxes can be avoided. This is not the case; not only must the county-taxes, but the federal debts be paid by land.

Again, suppose the land-owners generally refuse to buy taxed manufactures. The manufacturers will stop works, will discharge hands, and stop buying wool or other material. The internal taxes will fail to give revenue, and the loan will come back upon the farmer, who has failed to sell his wool, for a direct tax.

There is no escaping the inevitable result that the whole industry of all the people will be taxed to its utmost to meet these terrible bills that are now rolling up. What this nation is now going through, England has gone through. She expended, in fruitless wars, money, which left her, on the 11th March, 1863, with a debt as follows:—

BRITISH DEBT.

Amount, £779,802,139 — \$3,999,010,695
Annual int't, 26,320,444 131,602,220

The average rate upon this debt is $3\frac{1}{4}$ per cent. This burden has borne very heavily upon the English people. During its operation, in the last fifty years, it has constantly drawn money from the working many and given it the few. The result has been to make workers very poor and capitalists very rich, although those capitalists have been required to pay taxes. The present United States debt, as compared with the English, is as follows:—

United States Debt.		British Debt.
Federal debt,	\$2,926,940,092	
State "	135,185,047	
City "	100,000,000	
County "	500,000,000	
Total	\$2,762,135,139	£3,999,010,695
Interest	165,746,107	131,602,220

Thus, the existing debt is \$34,000,000 annually more than the British debt. By the end of another year, it will be \$150,000,000 per annum more. Now, under this burden, the British Government reduced its taxes to a system. It removed all exemptions; every man is taxed alike before the law. And to reach equality as nearly as possible, it levies an income-tax, the return of which shows the amount of annual income in the nation. This, in pounds and dollars was as follows, for the past year:—

The tax at present, 9d. in the pound or $3\frac{1}{4}$ per cent., is laid upon the gross income, so that the tax becomes an integral part of the annual expenses of each individual. The amount of income under each general head is as follows:—

AMOUNT OF INCOME.	
Lands, manors, &c.	£55,005,120 \$275,025,600
House property	57,761,745 288,808,725
Mines and iron works	5,515,699 27,578,495
Railway, canal, gas, &c.	19,908,473 99,542,365
Farms	16,554,930 82,772,650
Trades, professions, &c.	87,555,025 437,777,125
Dividends, funds	29,083,200 125,416,000
Public companies	6,134,256 30,671,280
Salaries, &c.	20,071,240 100,356,200
Quarries, fines, pensions, &c.	714,649 3,573,245
	£298,304,937 \$1,471,521,685
Tax	11,048,148 55,240,740

Under the head of lands, manors, &c., figure the sums derived by owners of land from rent; under the head "farms," is the income derived from the land of the occupiers who pay rent. The total is the amount of gross income of the whole nation. From this income is to be deducted the support of the owners, and the net is the surplus. The annual increase of the income is indicated by the increase of the tax. If the same amount of

tax gives an increase next year, that increase will be $3\frac{1}{2}$ per cent. of the actual increase of annual savings. On this process it has been computed that the average annual surplus in Great Britain is £120,000,000, or \$600,000,000. This is the sum from which, under the present burden of taxation, improvements may be carried on, railroads, houses, and ships built, banks, companies, and stores, and other forms of capital, be created.

Now, it will be borne in mind, that England is a rich nation; and yet her estimated net-income is barely more than, as we have seen above, the American people will be required to pay annually for interest, without discharging the principal.

It is well known that the English Government honestly intended to pay the war debt; and a law for that purpose was passed in 1819, which, if it had been enforced, would, by this time, have extinguished about one-fourth of the whole. But the yearly cost of the peace establishment had been so enormously increased that this, added to the interest on the war-debt, was all that the nation could endure without endangering revolution and repudiation. Even this pressure sends one-eighth of the people to the poor-house; and if England had not the Colonies as well as the poor-house she would want more soldiers at hand to prevent revolution.

England is the richest nation on earth, and more able than any other to pay the principal of a war debt. Wealth, available for the payment of such debt, must be measured by money incomes, and by resources which labor may convert into money after paying the laborers and the interest of the capital employed. Among these resources gold is king, and iron is queen; and incomes in gold and silver are their beautiful children.

The coal raised from the English mines last year was eighty millions of tons. The iron made and sent out of England was about four millions of tons.

Taking these as rough measures of ability to pay, and comparing them with the ability of the United States to pay a war-debt, we find their power to be about seven times as great as our own. We raised about eleven millions of tons of coal in the last year — about one-seventh of the quantity raised by England. The iron products were not very far from the same proportion. But it may be thought that the taxable incomes would be a more just

measure of comparative ability to pay. Now, if incomes may be measured by the amount they yield in taxes, we are able to give the exact figures. The revenue derived from our income tax last year was \$11,241,101, while that of England amounted to \$53,240,000.

Here we find that the proportion does not differ essentially from the proportion of their coal to ours. Should it be said that our incomes have not yet learned to pay taxes, it may be replied that, under present arrangements, our incomes are likely to pay less rather than more in the future. Those who have seen the figures, and made the estimates, declare that England taxes five times as much wealth as the United States, and the income tax confirms it. The indications from coal, iron and incomes look in that direction. But, however that may be, it will not be questioned that the ability of England to pay her war debt is much (if not many times) greater than ours. She cannot pay hers; can we pay ours? This is the question.

When the English statesmen found that the principal of their war debt could not be paid, they next inquired how they could provide for prompt payment of the interest.

1. They did all in their power to reduce the interest to the lowest possible rate. Some part of the debt was contracted at high rates of interest. But by good management, through a series of years, they brought it down to three and one-half per cent., which is the present rate. With a long peace, great commercial prosperity, and a vast increase of the gold production, they may be able to reduce the rate still lower. But, meanwhile, the interest was accruing.

2. The English statesmen employed their ingenuity in devising a system of taxes which could be endured, and yet be sufficient. The stern resolve to pay promptly inspired the people to endure bravely. The return of peace made personal abstinence hopeful and welcome. But the experiment was new; for, while war raged, they had continued to borrow: now they saw that borrowing must cease when the hope of payment was gone; but they knew not, even then, on whom the pressure of the tax for interest must ultimately fall. The simple doctrines, since developed by J. S. Mill, were vaguely perceived. They thought that taxing beer at the brewery and tobacco at the warehouse laid the burden on the brewer and the merchant, but Mill has

taught them that the laborer must ultimately feel the whole pressure on his pipe and cup, because the beer and the tobacco would cease to be produced unless the capitalist was first paid his interest and profit, and the manufacturer his share; while every tax must be added to the commodity and collected from the consumer, taking from the wages every such addition; otherwise the capital would go to other occupations or other countries.

Then it was obvious that the day-laborer needed as much beer and tobacco as the merchant or the landlord; but while the latter could bear this burden without stinting his bread or his shoes the day-laborer could not. So the day-laborer was pinched experimentally at all points until sickness completed his discouragement, and he sought refuge in the poor-house or got a free ticket of leave to the Colonies. The poor house and the Colonies were not taxed.

To mitigate the pressure on the class of labor the corn-laws were repealed, so that laborers might have a chance for cheaper food. Then the income tax was imposed to give some relief to labor. But, "once a pauper always a pauper." The poor house flourished. Reliefs have been and still are tried, but yet the pauper class outgrows all others. It includes one-eighth of the whole people.

The laborer is not taxed on his wages, but he is taxed on everything bought with his wages; and, on most articles, he pays the same tax as the landlord or the merchant.

Look at it in another light, and the result is even worse. All the wealth produced in the year to pay this interest is produced by manual labor, which is applied, in wages, to the machinery, raw material and provisions previously laid up by the capitalist. Capital can float to any country where it will give the best return to the owner. The average profit of capital in the whole world must be gained in England, or the capital will migrate. Not so the laborer; he is bound by habit, family, and language; and the larger his class, the smaller his pay. The whole product of labor applied to capital goes first to remunerate the capitalist: after him comes the tax-gatherer; for his share is taken out of what would otherwise go to the laborers, and what remains is wages. The capitalist may advance the tax, but to be returned to him by the merchant, who collects it, in the advance price of the commodity, from the consumer; and the laborers, being nine-tenths of the whole people, pay

the great body of the tax. In England, there is one relief for labor: what is collected as tax from the incomes of the rich is so much saved to the tax on labor. But, with this exception, labor must produce the interest on the war debt. Under this course of things, capitalists grow richer. England is the richest country on earth, because she has the coal and iron and machinery on the easiest terms; but this does not diminish her paupers. Nor can any power on earth change this case, unless by lowering the rate of interest or raising the income-tax.

When the permanent funding of the public debt was adopted as the future plan of the exchequer, the *owners* of these bonds were *pleased*. Capitalists were ready to buy them, instead of engaging in commerce or manufactures; and it was common to speak of them as a part of the capital of the kingdom. The labor which was at work in the fields, the mines, and the factories, knew nothing and thought nothing of what was being done in its behalf. But men began at length to examine the nature of this capital, represented by 4,000,000,000 of dollars of bonds. They found that the bonds not only did not answer to any of the descriptions of capital given by economists, but that they were to the productive capital of England a minus quantity: they represented *so much capital* which had been carried to America, India, France, and Spain, and had been *entirely consumed* in war, no part of it appearing in any new form of wealth in England; but it did re-appear in the *ghostly form of so much poverty*, which could be appeased only by taking 140 millions of dollars from the labor and incomes of the people every year to lay this ghost, *before the laborers could feed or clothe their families*. It raised the laborer to early tasks, pricked him on when his strength failed, and haunted his dreams when he slept.

But, heavy as this poverty was, it was not attended by the common miseries of war — there had been no destruction of private property in England. England endured, with great composure, the destruction her soldiers and subsidies carried to homes in other lands; and her laborers had not new homes to prepare for themselves before applying their shoulders to the yearly burden of an eternal debt.

The products of English labor, taken to pay this interest, pass through numberless changes to reach the consumer: every im-

prover and conveyer of a commodity has added a value; and, at every change, the merchant has advanced the tax, and *taken it out of the laborer's share*, so that the commodity may be kept low, and compete in the market of the world with like commodities produced in countries not so taxed.

3. If we turn now to the prospect before American labor, we have only to apply the experience of English labor for the last forty years. If the interest on our debt were three and a half per cent., and if incomes in our country could and would pay as largely as the incomes of Englishmen, yet there would be against our labor the comparative advantage the English enjoy in the maturity of their manufactures and commerce, and the ease with which they obtain coal and iron to send their products over the world. But, unfortunately, our debt has been contracted at five and six per cent.; and, by a strange oversight, our bondholders are excused from the payment of taxes. Any attempt to reduce the rate of interest, or to tax these bonds, will be resisted by arguments and influence, which nothing but the fear of repudiation would subdue. And to oppose these arguments would be an attempt at repudiation. But, meanwhile, it is obvious, that, with the nearest and earliest possible close of the war, the labor of this country must hereafter carry a yearly load more than twice as heavy as that which the labor of England has carried during the last forty years.

Questions more profound, more obviously affecting men's daily bread, and far less hopeful of solution, than ever agitated the North and the South, are sure to spring up on this subject. Every day men will look with more anxious interest for the appearance of a statesmanship which will compose our affairs, and quiet the apprehensions about prolonged and ineffectual war. Thoughtful men are weighing the value of a constitutional government, which gives a worse promise for labor than the constitutional monarchy of England now gives to English labor. Nor can the true state of this case—the actual and future condition of our public finances—be much longer kept out of the winter-evening talk of our farmers, mechanics, and tradespeople, who meet around their home-fires, and inquire what the future of the country promises for them and their children. They will see the condition of English labor consequent

on the payment of their interest; they will observe that the pressure on labor here will be twice as great as there; they will inquire what relief our labor may expect from the income tax; and when they are told that English labor was relieved, last year, by an income tax of fifty-three millions, while the American income tax, last year, was only eleven millions, they will look despairingly on the prospect before them and their children.

CONCLUSION.

The financial scheme of the English party which prosecuted the war against America and France rested largely on the fallacy of the sinking fund. Mr. Pitt did not clearly foresee what a load he was preparing for English labor to carry through all time. But English labor had groaned forty years under the burden, and the groans had reached our shores by every emigrant ship before 1860. The English poorhouse was well understood here before Dickens laid bare its enormities—before *Oliver Twist* was born.

Our rulers *knew what* they were doing, and *why*, when they neglected to levy and collect the amount of the war burden in each year of the war; but instead of taxing, went on to run up a war debt, which they well knew could never be paid; and which they knew as well *then* as *now* must drain its interest, forever, from the yearly earnings of productive labor, except so far as income tax might relieve it. And what relief will eleven millions of income tax give to a yearly tax of hundreds of millions to be earned in each year, to stop the gap made in the commonwealth by borrowing for war purposes four thousand millions of dollars?

The best apology for our rulers is found in the example of the rulers of Europe on the same subject. In nearly all the European countries the rulers have run up a war debt, of which only the interest can be paid; a debt which they dare not increase, for fear of resistance from the tax-payers—a debt the interest on which is only to be collected by a *strong government*. The peace of Europe is insured, mainly, by the danger of revolution, which would be incurred by increasing the war debt. Is such to be our government, and such our security for future peace? Are such fortunes reserved for the children of the people who filled the world with the fame of their constitutional liberty, and their consequent prosperity?

GENERAL McCLELLAN'S LETTER OF ACCEPTANCE.

ORANGE, NEW JERSEY, }
September 8, 1864. }

GENTLEMEN: I have the honor to acknowledge the receipt of your letter informing me of my nomination by the Democratic National Convention, recently assembled at Chicago, as their candidate at the next election for President of the United States.

It is unnecessary for me to say to you that this nomination comes to me unsought.

I am happy to know that when the nomination was made the record of my public life was kept in view.

The effect of long and varied service in the army during war and peace, has been to strengthen and make indelible in my mind and heart the love and reverence for the Union, Constitution, laws, and flag of our country, impressed upon me in early youth.

These feelings have thus far guided the course of my life, and must continue to do so to its end.

The existence of more than one government over the region which once owned our flag is incompatible with the peace, the power, and the happiness of the people.

The preservation of our Union was the sole avowed object for which the war was commenced. It should have been conducted for that object only, and in accordance with those principles which I took occasion to declare when in active service.

Thus conducted, the work of reconciliation would have been easy, and we might have reaped the benefits of our many victories on land and sea.

The Union was originally formed by the exercise of a spirit of conciliation and compromise. To restore and preserve it, the same spirit must prevail in our councils, and in the hearts of the people.

The reëstablishment of the Union in all its integrity is, and must continue to be, the indispensable condition in any settlement. So soon as it is clear, or even probable, that our present adversaries are ready for peace, upon the basis of the Union, we should exhaust all the resources of statesmanship practised by civilized nations, and taught by the traditions of the American

people, consistent with the honor and interests of the country, to secure such peace, reëstablish the Union, and guarantee for the future the constitutional rights of every State. The Union is the one condition of peace—we ask no more.

Let me add, what I doubt not was, although unexpressed, the sentiment of the Convention, as it is of the people they represent, that when any one State is willing to return to the Union, it should be received at once, with a full guarantee of all its constitutional rights.

If a frank, earnest, and persistent effort to obtain those objects should fail, the responsibility for ulterior consequences will fall upon those who remain in arms against the Union. But the Union must be preserved at all hazards.

I could not look in the face of my gallant comrades of the army and navy, who have survived so many bloody battles, and tell them that their labors and the sacrifice of so many of our slain and wounded brethren had been in vain; that we had abandoned that Union for which we have so often periled our lives.

A vast majority of our people, whether in the army and navy or at home, would, as I would, hail with unbounded joy the permanent restoration of peace, on the basis of the Union under the Constitution, without the effusion of another drop of blood. But no peace can be permanent without Union.

As to the other subjects presented in the resolutions of the Convention, I need only say that I should seek, in the Constitution of the United States and the laws framed in accordance therewith, the rule of my duty, and the limitations of executive power; endeavor to restore economy in public expenditure, reëstablish the supremacy of law, and, by the operation of a more vigorous nationality, resume our commanding position among the nations of the earth.

The condition of our finances, the depreciation of the paper money, and the burdens thereby imposed on labor and capital, show the necessity of a return to a sound financial system; while the rights

of citizens, and the rights of States, and the binding authority of law over President, army, and people, are subjects of not less vital importance in war than in peace.

Believing that the views here expressed are those of the Convention and the people you represent, I accept the nomination.

I realize the weight of the responsibility to be borne should the people ratify your choice.

Conscious of my own weakness, I can only seek fervently the guidance of the Ruler of the universe, and, relying on

His all-powerful aid, do my best to restore union and peace to a suffering people, and to establish and guard their liberties and rights,

I am, gentlemen,
very respectfully,
your obedient servant,

GEO. B. McCLELLAN.

HON. HORATIO SEYMOUR,
and others, Committee.

General McClellan's Views of the War and the Country.

The Harrison's Bar Letter.

HEAD-QUARTERS, ARMY OF THE POTOMAC,

Camp near Harrison's Landing, Va., July 7, 1862.

MR. PRESIDENT: You have been fully informed that the rebel army is in our front, with the purpose of overwhelming us by attacking our positions, or reducing us by blockading our river communications. I cannot but regard our condition as critical; and I earnestly desire in view of possible contingencies, to lay before your Excellency, for your private consideration, my general views concerning the existing state of the rebellion, although they do not strictly relate to the situation of this army, or strictly come within scope of my official duties. These views amount to convictions; and are deeply impressed upon my mind and heart. Our cause must never be abandoned; it is the cause of free institutions and self-government. The Constitution and the Union must be preserved, whatever may be the cost in time, treasure or blood. If secession is successful, other dissolutions are clearly to be seen in the future. Let neither military disaster, political faction, or foreign war, shake your settled purpose to enforce the equal operation of the laws of the United States upon the people of every State.

The time has come when the Government must determine upon a civil and military policy covering the whole ground of our national trouble. The responsibility of determining, declaring, and supporting such civil and military policy, and of directing the whole course of national affairs in regard to the rebellion must now be assumed and exercised by you, or our cause will be lost. The Constitution gives you power sufficient even for the present terrible exigency.

This rebellion has assumed the character of war; as such it should be regarded; and it should be conducted upon the highest principles known to Christian civilization. It should not be a war looking to the subjugation of the people of any State, in any event. It should not be at all a war upon population, but against armed forces and political organizations. Neither confiscation of property, political executions of persons, territorial organizations of States, or forcible abolition of slavery, should be contemplated for a moment. In prosecuting the war, all private property and unarmed persons should be strictly protected, subject only to the necessity of military operations. All private property, taken for military use, should be paid or receipted for; pillage and waste should be treated as high crimes; all unnecessary trespass sternly prohibited, and offensive demeanor by the military towards citizens promptly rebuked. Military arrests should not be tolerated, except in places where active hostilities exist; and oaths not required by enactments constitutionally made, should be neither demanded nor received. Military govern-

ment should be confined to the preservation of public order, and the protection of political rights. Military power should not be allowed to interfere with the relations of servitude, either by supporting or impairing the authority of the master, except for suppressing disorder, as in other cases. Slaves contraband under the act of Congress, seeking military protection, should receive it. The right of the Government to appropriate permanently to its own service claims to slave labor, should be asserted; and the right of the owner to compensation therefor should be recognized.

This principle might be extended, upon grounds of military necessity and security, to all the slaves within a particular State; thus working manumission in such State; and in Missouri, perhaps in Western Virginia also, and possibly even in Maryland, the expediency of such a measure is only a question of time.

A system of policy thus constitutional and conservative, and pervaded by the influences of Christianity and freedom, would receive the support of almost all truly loyal men; would deeply impress the rebel masses and all foreign nations, and it might be humbly hoped that it would commend itself to the favor of the Almighty.

Unless the principles governing the future conduct of our struggle shall be made known and approved, the effort to obtain requisite forces will be almost hopeless. A declaration of radical views, especially upon slavery, will rapidly disintegrate our present armies.

The policy of the Government must be supported by concentration of military power. The national forces should not be dispersed in expeditions, posts of occupation and numerous armies; but should be mainly collected into masses, and brought to bear upon the armies of the Confederate States. Those armies thoroughly defeated, the political structure which they support will soon cease to exist.

In carrying out any system of policy which you may form, you will require a commander-in-chief of the army: one who possesses your confidence, understands your views, and who is competent to execute your orders by directing the military forces of the nation to the accomplishment of the objects by you proposed. I do not ask that place for myself. I am willing to serve you in such position as you may assign me, and I will do so as faithfully as ever subordinate served superior.

I may be on the brink of eternity; and as I hope for forgiveness from my Maker, I have written this letter with sincerity towards you and from love of my country.

Very respectfully,

Your obedient servant,

G. B. McCLELLAN,
Major-General Commanding.

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